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PROCEEDINGS OF THE

LAMB MARKETING SEMINAR

NOVEMBER 1, 1982 · RICHMOND, B.C.

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PROCEEDINGS OF THE
LAMB MARKETING SEMINAR

November 1, 1982
Richmond, B.C.

This lamb marketing seminar was planned as a part of a larger study on Sheep and Lamb Marketing Opportunities, which is funded by a grant from the Research, Planning, Training and Market Promotion program of the Canada-British Columbia Agriculture and Rural Development Subsidiary Agreement. The Agreement, which provides a variety of programs for Agriculture and Rural Development, is cost shared equally by the governments of Canada and British Columbia through Agriculture Canada and the Ministry of Agriculture and Food respectively.

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Additional copies of these proceedings may be obtained from either of the two offices listed below.

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INTRODUCTION

Linda Keen
Supervisor, Market Development
B.C. Ministry of Agriculture and Food

My name is Linda Keen and I am Supervisor of Market Development. On behalf of Steve Mason and the organizing committee that has put this seminar together, we are really pleased to see you today and I hope you will find it worthwhile.

The purpose of this seminar is two-fold. First, we wanted to examine the marketing chain of lamb from one end to the other to see if there are some things that need looking at.

Secondly, we wanted the seminar to be a source for gathering and exchanging information because there is going to be a study done on marketing opportunities for lamb. The contract for the study has been awarded to Don Ference & Associates Ltd. Don Ference will be speaking to us about the study later today.

We're going to start out this morning with Don Jones. He is a Director of the Sheep and Wool Commission and he is also on the Steering Committee for the Marketing Opportunities Study.

OPENING REMARKS

Don Jones
Director, B.C. Sheep & Wool Commission

I just want to say a few words this morning about why we are here. The main thing is that this is an information gathering seminar and it forms part of the Lamb Marketing Opportunities Study which is being carried out in this Province. Now we call it a Marketing Opportunities Study because that's what we want to do - find out what the marketing opportunities are. You know we have marketing problems and this is something that's not unique to B.C. It's all across Canada and I think every Province is probably working on this to a certain degree. I know Ontario is going at it full blast. Sure we can sell our lambs - no problem. But to sell our lambs and make a profit, that is what raising lambs is all about.

The idea for a Marketing Opportunities Study originated with the Lower Mainland sheep producers about 3 years ago when some of the producers thought that something should be done about our marketing problems. So terms of reference were drawn up and sent to the B.C. Sheep and Wool Commission, who forwarded them to the B.C. Ministry of Agriculture and Food, asking them to fund the study through the ARDSA program. Of course, it was sent back and forth a few times for revision and condensing and then it sat in the Ministry's files for over a year. Then in June of this year, word arrived that the federal-provincial ARDSA Management Committee had set aside $18,000 and they wanted to set up a Steering Committee and select a consultant for the study. At this time, I would like to introduce you to our Steering Committee: Steve Mason, our sheep specialist, is our Chairman. Steve will be keeping in very close contact with the consultant. The other members of the Committee are Jim Alcock, from the Marketing Branch of B.C. Ministry of Agriculture and Food; Irvin Strong from Agriculture Canada; and myself from the B.C. Sheep and Wool Commission. The Committee had its first meeting in July, at which time we studied the proposals sent in by four consultants and decided what the main emphasis of the study should be. Basically, we didn't want a repetition of studies already done, and produce something that you would read and forget about. What we did want was to assemble all the available information and come up with a plan of action, something we could use, something that shows us where the opportunities are.

In September, the management consulting firm of Don Ference & Associates Ltd. of Vancouver was selected to undertake the study. The Steering Committee had a meeting with Don Ference and Linda Keen, our Chairperson, at the end of September in order to set up this Lamb Marketing Seminar. So if you have any concerns, questions or ideas, we have people here today who are listening and we want to hear them. If you do not get a chance to speak today, contact Don Ference as he wants to get as much information as he possibly can for the study.

INDUSTRY PERSPECTIVE

Steve Mason
Sheep Specialist
B.C. Ministry of Agriculture and Food

I am going to take a few minutes to outline the context in which this Lamb Marketing Study is taking place. First, I want to indicate the extent of the B.C. sheep industry with regard to the numbers of lambs that we have, and their impact on total volume of lamb marketed in B.C. The numbers presented are preliminary estimates made on the basis of the information that I have available to me. They are sufficient, however, to paint a picture of the relative size of the industry in B.C., where it is, and what happens to the lambs that are raised here.

The accompanying table provides an indication of what the sheep industry has done between 1976 and 1981, based on the Government of Canada census information. I have used statistics from 1976 and 1981 because they are Census years and in between Census years, only estimates are made about the size of the sheep industry. In fact, in 1981, the initial estimate of the size of the B.C. sheep population was 62,000 sheep and lambs, whereas the Census data indicated that the total sheep population was 67,000. In the period between 1976 and 1981, the sheep population in B.C. increased by approximately 77%.

The map provided in Figure 1 on the following page will give us a rough idea of how many ewes there are in each part of the province in 1981. Since the Census data shows the sheep population at June, 1981, I assumed that approximately 10% of the 1981 lamb crop would have gone to market by that time. Based on this assumption, I estimate that we had approximately 33,500 ewes in the Province in 1981. About one quarter of these ewes are located on Vancouver Island, 20% of them are in the Lower Mainland and the rest of the flock is distributed throughout the rest of B.C. Therefore, about 45 - 50% of the total B.C. sheep flock are in the Lower Mainland and on Vancouver Island.

During the last five years, the ewe population has gradually shifted south. There has actually been a decrease from 1976 to 1981 in the number of ewes in the Peace River area, whereas the Okanagan has increased their ewe population by three and a half

Figure 1. Geographical distribution of ewes in B.C. (June 1, 1981)

TOTAL SHEEP NUMBERS BY CENSUS DIVISION - 1976 VERSUS 1981

CENSUS DIVISION	DIV. #	1976		1981		81/76
		TOTAL SHEEP	% OF PROV.	TOTAL SHEEP	% OF PROV.	
PEACE	8	9,727	25.5	8,256	12.3	84.9
CENTRAL	7	5,828	15.4	6,312	9.4	108.3
CARIBOO	6	2,078	5.5	4,546	6.8	218.8
THOMPSON	3	4,043	10.7	5,654	8.4	139.8
OKANAGAN	2	2,477	6.5	9,145	13.7	369.2
KOOTENAY	1	590	1.6	1,841	2.7	312.0
LOWER MAINLAND	4	5,692	15.0	12,985	19.4	228.1
VANCOUVER ISLAND	5	7,503	19.8	18,249	27.3	243.2
TOTAL		37,938	100.0	66,988	100.0	176.6

times. In the same time period, there has been a 200% increase in the ewe flock in the Lower Mainland and Vancouver Island areas.

Between 1976 and 1981, there was a 15% decrease in the ewe population in the Peace River area and an 8% increase in the population in the central area including Prince George, Vanderhoof, Smithers and the north west corner of the Province. There was also a 119% increase in the Cariboo and a 40% increase in the Thompson.

Again, these figures are not the final answer, they are just some numbers that I was able to put together to give a rough over-view of what is going on. The 33,500 ewes that we had in the Province in 1981 gave birth to about 36,000 lambs of which 11,000 went to inspected slaughter.

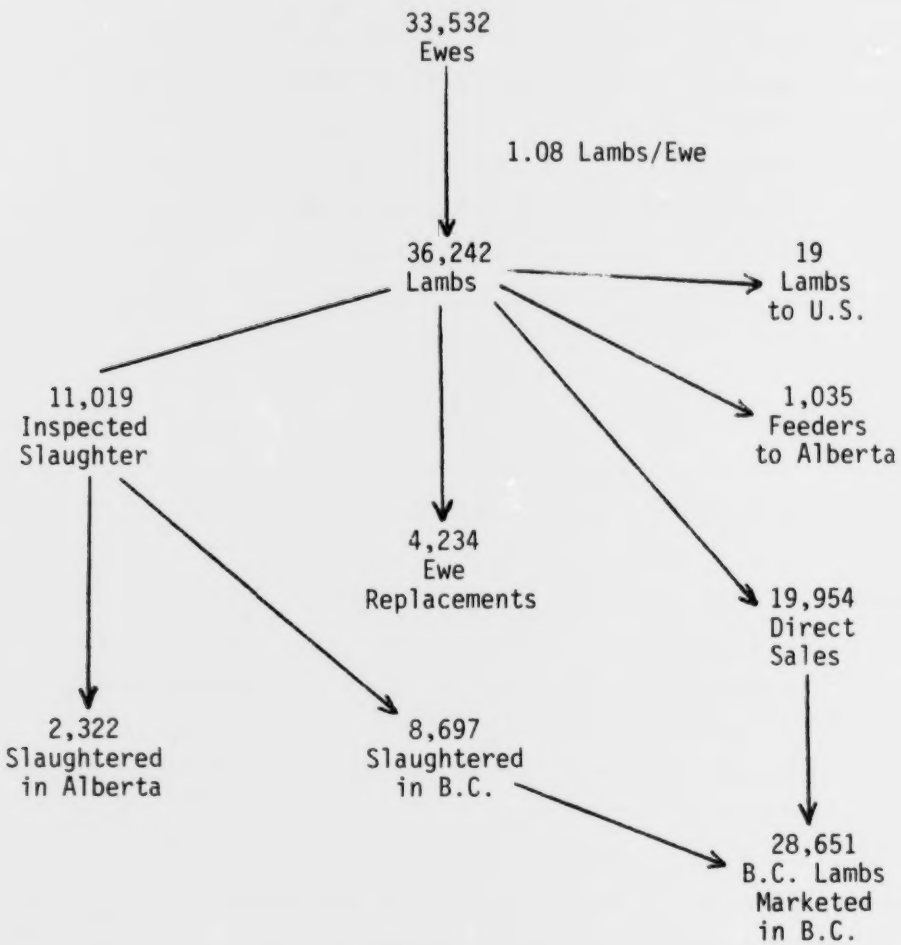
In B.C. we have two kinds of inspected slaughter: Federal Inspection and Provincial Inspection. Federally inspected plants would include Intercontinental Packers, Coaspac, and Lawrence Meats in Dawson Creek. The Provincially inspected plants would include Island Meats, Victoria Farm Meats and Johnson Packers. Of the 11,000 lambs slaughtered in inspected plants, 2,300 were killed in Alberta and that would be largely at Lambco. So that leaves 8,700 lambs that were killed in B.C. Of the 36,000 lambs that we had available in 1981, almost 20,000 of them were sold direct to the consumer through farm gate sales. Therefore, about 30% of the total lambs were killed in inspected slaughter houses while 70% were killed in some other way. Figure 2 on the following page illustrates the different channels used to market lambs produced in B.C.

In 1981, the B.C. population was 2,750,000 people. The per capita lamb consumption for Canada (we do not have a good figure just for B.C.) was 1½ pounds which means that in B.C. we consumed a little over 4 million pounds of lamb. The average size of lamb which as killed in inspected slaughter houses in 1981 was 41 pounds which means that there were about 100,000 lambs consumed in B.C. in 1981. If you go on the basis of inspected slaughter, therefore, we supplied about 8.7% of the total lamb consumed in B.C.

If you include those lambs which were sold at the farm gate, our total contribution would be about 28%. So this gives you an idea of how big the industry is, where it is and what we have in terms of supplies of lambs. I think a few things come out of this. You can see that if B.C. doubled its sheep population and doubled its output of lambs,

Figure 2

B.C. LAMB MARKETING ESTIMATES - 1981



we would not need to increase the per capita lamb consumption substantially to take care of those lambs. I guess what I am saying is there is lots of room for expansion given some promotion.

Question: Why is production of lambs in the Peace River area declining?

Steve Mason: I would suggest that one of the reasons is marketing. It is very expensive to ship lamb from those distances. As a result, a lot of the lambs produced in the Peace River go to the Edmonton public stock yards, where they are either bid on or transhipped to Lambco. The shipping cost, however, is about $5 per head plus a $2 charge per animal for yardage fees. The other problem is that the lambs from the Peace River are ready for slaughtering in the fall when there is a tremendous glut on the Alberta market.

Question: Do you obtain your estimate of farm gate sales by substracting the published slaughter statistics from the total number of lambs? Are you confident that this method is accurate?

Steve Mason: Yes, that is essentially the method used. In addition, I assumed that 10% were held for flock replacement. I feel that this method provides only a rough estimate of the lambs produced.

Question: Because all the lambs were disposed of, is there a problem in marketing lambs in B.C.?

Steve Mason: Based on my experience, the producers in B.C. do not have a problem in getting their lambs to market. Instead, the major problem is getting sufficient money from the sale of the lambs to make sheep production viable.

Question: Has there been a change in the per capita consumption of lamb?

Steve Mason: According to Statistics Canada, the consumption of lamb has been steadily decreasing. In 1979, it was 2.0 lbs., in 1980 it was 1.8 lbs. and in 1981 it was 1.5 lbs. per person.

Question:	How does your production estimate of 1.08 lambs per ewe compare with other parts of Canada?
Steve Mason:	First, I feel quite confident that this is a realistic figure for B.C. I feel that about the same production is achieved in Alberta. Our R.O.P. producers are getting 1.25 to 1.3 lambs per ewe but these are a select group of small intensively managed producers.
Comment: (Neil Peterson, Agriculture Canada)	The per capita consumption figure for lamb registered by Statistics Canada could be quite low as it assumed that only 5,800 lambs are marketed through farm gate sales.

DIRECT MARKETING BY PRODUCERS

Jan Tuytel
Producer
Langley, B.C.

I speak to you as a small producer. My wife and I operate in Langley on five acres with a basic flock of 25 Romney ewes. Belonging to the Lower Mainland Sheep Producers Association, I have gathered as much input as I possibly could from our membership. First, the bad news. Our costs of producing lamb in the Lower Mainland are high. The land base is high. The costs of killing lambs legally are almost as high as it is for producing that lamb. The good news is we have a large untapped and unlimited market on our doorstep. As a group we have the key to access the market, I want you to realize that.

On the constraints on private lamb sales, I do not think my argument is strong enough. The killing costs of $22 - $30 per lamb is very much out of line on a per pound basis. Dr. Hayes of the B.C. Ministry of Agriculture and Food, tells me that 75¢ per head is the true inspection cost. There are, of course, hidden costs. The inspector has to have his private washroom, this is a fact. Dr. Hayes also tells me that the property taxes of the meat slaughtering plants are high. Therefore, we can not knock the costs of the slaughtering houses too much. They have problems of their own.

Now then, the cost and time factor for ourselves to take our lambs to the slaughter house plus picking them up is also a constraint. Another problem is the ritual slaughter for certain ethnic groups which can not be accomodated by the slaughter house. The same goes for the self-killing so essential to some buyers of lamb. Head and entrails I am told, are important to Greek buyers and lungs are important to Croatians. For some or all of these reasons, some producers do their own killing.

Somebody told me that even the cost of drugs and medication is higher in the Lower Mainland. Our vets primarily look after dogs, cats and horses and price is no consideration. Because of our high cost of production through high feed costs, as well as the smaller size of our operation, private sales are absoultely essential to producers in the Lower Mainland area. I can not speak for anybody who is up-country, but I do

know that here it is absolutely essential for the survival of people like myself. We need that extra $20 or $25 per lamb.

Now then, on the opportunites, and that is a longer list. The ethnic market is large as there are tens of thousands of traditional lamb consuming people in Greater Vancouver and the Lower Mainland areas. I spoke to Statistics Canada and they were very helpful. They could only supply me with 1971 figures because the 1981 figures are not available until March 1983, so my figures are 12 years old! Out of a total population for Metropolitan Vancouver of 1,280,000 (this is an old figure), the number of people from the British Isles are about 622,000. The population of other ethnic groups are as foilows: Italians 29,000, Jewish people, 10,000; French, 4,000; Australians, 5,000; Germans, 80,000; Hungarians, 7,000; Polish, 14,000; Dutchmen, 29,000; and Ukranians, 29,000. There are also smaller numbers of Slovak, Greek Yugoslavian, Portuguese, Spanish, and West Indians. In 1971, there were 5,600 others (for example East Indians and Pakistanis), but this latter group has swelled considerably since. There are a lot of people that come from India who are lamb and mutton consumers.

Now then, for the opportunities. The Sheep and Wool Fair put on by the Lower Mainland Sheep Producers Association in Matsqui this year attracted nearly 10,000 people. They lined up for a half a block for the privilege to buy barbecued lamb on a bun. They lined up, and they waited and they liked it. Almost all these people are potential new customers. New customers, not the old faithfuls who have been buying lamb for years.

To the producers with the right approach or the meat retailers, therefore, there is lots of room. The producer has the inside track because he sells a product that is farm fresh. This is a concept that is absolutely unassailable in the mind of the vast majority of our buyers. We've got to realise that we sell them something special and something special yields a special price.

Regarding the 20,000 lambs that go out the back door, my figure is a lot lower. I think between Steve Mason's and my figures, the truth will lie. A lot of lambs go out the back door, and they should. I estimate that about 5,000 lambs a year are marketed directly by producers in the Lower Mainland alone. At least 20% of this goes as Easter lamb, which has to be complete with intestines and head. Of the remainder, perhaps

10% are rams, complete with two testicles not just one. Without these extras there is no deal because the potential buyer will do without rather than compromise and a sale is lost not to the individual but to the industry.

The remainder is being sold to more conventional consumers. The farm fresh people, by and large, will forego lamb if it is not farm fresh or does not come from a certain individual. I find if people come to the place to pick up the lamb and you buy them a cup of coffee and talk to them for a while, they are quite happy because they have been in the country for an afternoon. It gives them something that the neighbours do not have. It is a psychological thing really. True you can not do this in the Peace River, but your hay is costing less in the Peace River.

Now then, this last group of consumers, the traditional people may or may not wish to go the killing plant route and buy inspected lamb. We mentioned the cost of the killing plant is high and cuts into the producers slim margin. No doubt, some less than clean meat is being sold. We do not like that fact because an isolated incident can damage our collective reputation. Therefore, most people I spoke with are in favour of a better way. But what and how? Myself, I keep thinking about those 5,000 lambs in the Lower Mainland. At $10 a head, some enterprising killing plant could make $50,000 a year, every year. People are willing to put money up front, I have found, just to guarantee their number for a plant. I am not talking about a marketing board, or a co-op, I am talking of a free coalition of producers that could organize the mechanics.

First, we need to get commitment from producers not necessarily confined to direct marketing. We're talking in larger numbers, so we can get an agreement with a plant to get the price down, because that is our biggest hurdle. In addition, we could guarantee our commitments by collecting a deposit for each lamb to be slaughtered. While I have not ironed out the details of this plan, it is just a thought that came to me. Pre-set dates of shipment would be essential and it is a matter of educating people to know when the lambs will be ready. When I first started, I had no idea when those lambs would be good. People sometimes never know when they are good or not. So this is where the Lower Mainland Sheep Producers does a lot to educate people.

So, once a common problem of killing costs is solved, we may be ready for common advertising. I know there will be problems, but problems are there to be solved. How many of those at the Sheep and Wool Fair would have been glad to order a Fraser Valley fresh lamb for fall delivery, we will never know. A sales booth right next to the barbecue pit would sure find out in a hurry. Are we going to continue and let opportunities slip by year by year, or are we going to realize that there are many city and suburban people wishing they knew a farmer who would sell them a fresh lamb? The market is there and I can not say it often enough. So all we have to do is get our act together and work as one.

I understand that on Salt Spring Island, they sell Salt Spring Island Lamb. I understand also that on Salt Spring Island when one producer is out, he sends his customers to his neighbour. If this is true, there is no reason why in the Fraser Valley or Vancouver Island, we cannot do that very thing. The beauty of it is that on Salt Spring Island, there are not enough Salt Spring Island Lambs to go around to the potential buyers. I understand that at one of the constitutional conferences in Ottawa, Salt Spring Island Lamb was served. Salt Spring Island Lamb is on the map. There is nothing wrong with having an identity and a nice label. There could be a central co-ordinator or contact. We might rotate the list of producers, so that A is not always at the top and Z is not always at the bottom, because people tend to take the top name. So, yes, there are constraints to direct marketing in the Lower Mainland. More constraints than are healthy in a free society I venture to say. But the opportunities in my opinion outweigh them by a fair margin.

MEAT PACKING FOR THE INDEPENDENT MEAT RETAILER

Stan Robertson
Richmond Packers
Richmond, B.C.

From what I can gather from earlier discussions, the problems of the independent meat retailers, the producers and the meat packers are the same in that we have to try and make a profit in marketing lamb. One of the major problems with B.C. lamb is the lack of a consistent supply. The meat packers and the independent retailer require lamb on a regular basis, 52 weeks of the year, in order to establish a good market. If B.C. lamb is available only on a seasonal basis, it's very difficult for the retailer to allocate showcase space for local lamb. Presently, the retailer only puts items in his showcase which are going to provide him with a profit regularly. As a result, local lamb eventually gets put aside. But if it is available on a regular basis, and if it is possible for the processor and the producer to provide the retailer with lambs on a regular basis, then I feel that we would be on the right road. And we can make quite an impact with the consumer.

Another area that we have to be very concerned about is the price. We are, as lamb producers and processors, competing against red meat and pork and, as well as vegetables and fruit. All of these items now are part of one's diet and lamb is unfortunately not one of the major ones. But there is great potential for us, providing we can get it on a regular basis.

Many of the independent retailers and chains realize this and are willing to make the space available if we can provide it regularly. In fact, the chains are getting their lambs from down under, from the U.S.A. and from Alberta, because we can not provide the product on a regular basis from B.C.

Regarding the quality of local lamb, I do not feel we have a problem. The lambs that I have seen in B.C. are an excellent product. They are very well received by the independent retailers with whom we are dealing and they really like it if we can get it on a consistent basis. So I think that the major problem is our supply.

Another problem which has already been discussed is that there are so many lambs being marketed by the back door through private sales. Many of you people think private sales are essential to your operation. If this is the feeling of this group, then the independent packer and the independent retailer cannot make much of an impact for you. We are, in effect, in competition with you. If you feel your avenue is the private sale and you mention that the private sale is realizing you more money, then, possibly that is the way to go. Possibly we, as the independent packer and the independent retailer, can not make a contribution. It is something I feel that we, as a group, have to get together on. If you people want to market your lambs independently, do not bother the independent packing houses and do not get upset at us if I say we are going to pay you x number of dollars for your lambs. Because, if you are marketing them privately, all you are going to send me is the culls and I have got a problem to go out and market them. I am interested in providing employment for my employees for 52 weeks of the year and am interested in paying my heat, lighting and taxes for 52 weeks of the year. I can not do it by operating 5 months of the year.

Question: If the producer stops selling lamb at the farm gate, will the consumer go to the retail store to buy it?

Stan Robertson: Yes, definitely. If the general public could not buy from the producer, he will certainly go to the retail store because he wants lamb. However, if the producers continue to sell at the back door, this defeats the goal of this project.

Question: How can you get a consistent supply of lamb when the most that we can do is stretch production over 5 months?

Stan Robertson: I do not know, but I do know that the beef producers solved this problem through feedlots. We now have some producers that supply us with lamb for almost 52 weeks of the year. I will accept a lamb from 35 to 50 pounds in size and anything larger will have to be discounted.

Question: Can you sell frozen lamb to even out supply?

Stan Robertson: Most of our customers want fresh lamb not frozen lamb.

Question: What can be done about supplying the needs of the ethnic market with lamb slaughtered by the packing plants?

Stan Robertson: With regard to ethnic slaughter, abbatoirs in some other provinces in Canada are allowed to leave the "pluck" in the lamb. I feel if we worked with the Federal government we could get the regulations relaxed in B.C.

Question: If you could get a large supply of lamb on a regular basis, would you reduce your slaughtering charges?

Stan Robertson: That would have to be reviewed. One problem with dealing with a shipment from 4 or 5 producers is that time would be required to tag each lamb separately.

Question: Is it possible for you to freeze carcasses?

Stan Robertson: No, the cost of money is too high. Also, I do not have the facilities to handle that kind of volume.

PROCESSING LAMB FOR THE RETAIL AND FOOD SERVICE MARKET

Morgan Knight
Intercontinental Packers
Vancouver, B.C.

This morning I have been asked to speak to you on the processing of lamb for the retail and food service market. Quite honestly, we are not very active in the lamb business. We have been killing lambs only during the last 2 years and this almost by default rather than design. However, I have been in the industry for a long time and in the years that have passed, have merchandised a considerable amount of B.C. lamb. First, I would like to identify our company. We are Intercontinental Packers Ltd. and our plant is located in Vancouver at 8950 Shaughnessy street right beside the Oak St. Bridge. The site that we occupy has been the location of slaughtering and processing facilities since 1919. Over the years, however, company names and product names have changed. Immediately prior to Intercontinental Packers buying the plant in 1964, it was known as Pacific Meat Company. Intercontinental Packers is presently a full line meat packing plant. We slaughter cattle, hogs, and on occasion, lambs.

We operate a complete boxed beef line and a pork cutting operation. We manufacture fresh and smoked sausages, wieners, and luncheon meat. We also slice bacon and cure and process all types of hams. We are situated on 6.5 acres of land. Our buildings cover approximately 145,000 sq. ft. of manufacturing area and approximately 63,000 sq. ft. of service area. We employ 350 people and have annual sales of approximately $100,000,000 a year. So you can see our company is very active in the marketing of meat products.

Now about lambs. When you talk about marketing any meat products for retail or food service, you have to talk about volume, quality and consistency. Forty years ago, there were great numbers of lambs slaughtered in the Lower Mainland area. There were at least 4 packers killing lambs at that time. The population was much smaller but the demand was good. That was the time of the Cordonniers, the Haywards, the Moilliets and Finlays and many other large producers. They would sell lambs from June to December. We usually fed lambs from both Alberta and the Lower Mainland in January, February and March.

In April, we brought live lambs up from Portland to fill in until we were back in the local lamb business. Yearly contracts for local frozen lamb were quite common with many government agencies.

Restaurants and purveyors also contracted for local frozen lamb and lamb cuts. The chain stores allotted space in their counters for B.C. lamb, which was promoted and advertised as "B.C. Alpine Lamb". As a means of identification, each carcass had a distinctive ribbon roll. Then the B.C. lambs disappeared. Some say it was a lack of grazing area. Others say they could not get shepherds to stay up in the mountains with them. Perhaps it was simply the economics. We carried on killing lambs from the United States and Alberta until these locations built their own killing facilities. At that time, the numbers of lamb available to our company from B.C. became so small that we discontinued the slaughter. In the last 2 years, at the request of the Provincial Government and some producer organizations, we started killing lambs again, but in all honesty, there are not enough B.C. lambs available to make this operation viable.

I would like to read an article by Oliver Burton printed in the Toronto Globe and Mail on July 5, 1982. These remarks, I believe, parallel the situation in B.C. "Ontario's 2,500 sheep producers are caught in a vicious circle that keeps the industry small and unable to crack the major restaurant and retail markets. Instead, they have been forced into the fringes of the trade, depending on uncertain farm gate and ethnic sales to make a profit. As a result, most are small time struggling farmers and the majority have to work at full time jobs to subsidize their sheep operations. The Ontario lamb industry is in trouble. Medium size producers can expect to earn a rather marginal existence in the foreseeable future. In fact, the sheep producers are faltering although there was an adequate demand to support a medium sized industry. Ontario residents bought 14.7 million pounds of lamb in 1980 worth about $30,000,000 and the market is growing by 8% a year. The retail and restaurant trade takes half the meat leaving the remainder for the Christmas and Easter Markets, the ethnic trade and the home freezer. More than half the provincial demand is filled by low-cost imports of frozen lamb. The aggressive and efficient New Zealand export agency has pushed local producers out of the best half of the market - the retail and restaurant trade. The local producers are forced to sell what they can through ethnic restaurants, independent butchers and private purveyors. New Zealand has won the major share of

the Ontario market because it has a large mature industry to back it up. It also has the marketing organizations to promote frozen lamb in world markets and then tailor the product to meet the exact needs of the consumer. It can deliver 1,500 carcasses on short notice to fill a chain store promotion or butcher a truck load of uniform portioned cuts to satisfy the whim of a restaurant chef. Unfortunately for local producers, they face strong competition in this market as well. Again their prime handicap is that their competition is much better organized and efficient than they are. The threat comes primarily from Virginia where the industry uses an electronic order system, so effective that Ontario based packers can pick up the telephone and order truck loads of sheep or box loads faster and easier than they can buy locally. The Ontario lamb industry could win back the New Zealand and Virginia share of the market if it were large enough to meet the demand but the industry is so small it can not hope to gain the business it needs to expand. To compete with New Zealand, the industry must be capable of supplying meat packers with adequate numbers of uniform quality lambs at a competitive price. It must provide hundreds of lamb chops for one restaurant and racks for another. It must supply 1,500 lambs at short notice to satisfy chain stores and it must have a back up capacity for selling by-products such as wool, skins, offals, etc. In their report, Hickling-Johnson was highly critical of the general level of expertise in the industry. Many producers use inefficient and costly husbandy methods, use poor marketing techiques and to top if off, many breed for the show rather than the packers."

Fresh local lamb has a place in the B.C. market but, as I have said before, for us to market a commodity, we must have a supply of a consistent size and quality. This is not available at the present time with B.C. lambs.

For any of our major promotions of lamb, we use New Zealand carcass and primal cuts. We have found the New Zealand product to be well accepted and have little trouble with quality and uniformity. Add to this the excellent advertising that the New Zealand Lamb Company does on radio, T.V., newspapers, and magazines. Until B.C. can produce larger numbers of lamb, fresh markets will belong to the Americans, Australians and Albertans. If you want a lamb industry here, then it is entirely up to the producers to supply the numbers. We can then do the merchandising.

Question: How much promotion is Intercontinental Packers prepared to do?

Morgan Knight: We are prepared to do some promotion if we can be assured that the product will be there. For instance, before we would consider a chain store promotion, we would have to be assured that large numbers are available. As an illustration, we used to move 2,500 lambs per week when B.C. lamb production was high several years ago. Before considering going into lamb in a big way, we would have to be assured that a minimum of 800 lambs per week would be available. It might not have to be available 52 weeks a year, if a seasonal promotion is undertaken. For instance, B.C. Alpine Lamb was promoted several years ago as a seasonal item.

Question: Is your price of lamb set by the Alberta market?

Morgan Knight: Our price is influenced by Alberta and Washington suppliers.

Question: The producer can not afford to produce lamb for the price of $1.25 per pound which you are currently offering. Is it possible to get $1.50 per pound which is the minimum required by the producer to break even?

Morgan Knight: There exists some opportunities to improve efficiency and reduce the costs of our present killing operation. We have recently resumed killing lambs only three years ago at the insistence of the government agencies because there were problems getting lambs killed.

IMPORTATION OF FRESH AMERICAN LAMB

Scott Ricker
Columbia Meats
Milner, B.C.

First, I will give you a short history of what Columbia Meats does and how it is affiliated with the U.S.A. I will then try and deal with your questions and enquiries. I would say at the outset that I am not an expert in the livestock production or feeding end of it. Columbia Meats by its very nature is a marketing company and so I can give you my expertise on marketing and slaughtering.

Columbia Meats is a Canadian company, started in B.C. and is a wholly owned subsidiary of an American company called Superior Packing Co. Superior Packing Co. is based in Ellensburg, Washington and has another plant in Dixon, California. The lamb business is our bread and butter. To give you an idea of the size of the overall operation, our corporate goal,which was established last October, was to kill approximately 800,000 lambs during the fiscal year ending October 31, 1982. We fell short of our goal by 2,200 head.

Superior Packing Co. is a fully integrated company in that it has its own livestock feeding operation, which is based in Hermiston, Oregon, with anywhere from 30,000 - 50,000 lambs on feed at any one time. Our plant in Ellensburg, Washington has a capacity of about 5,000 lambs a week. In peak seasons, such as Thanksgiving, Christmas and Easter, we can kill up to 9,000 a week. Our other plant in Dixon, California, which we acquired well over a year ago, is a full line packing plant and can produce about 14,000 - 16,000 lambs a week. From Dixon, California, we service San Diego, Los Angeles, San Fransisco, Denver, New York, New Jersey as well as Philadelphia, Buffalo and Detroit.

Superior Packing Co. has been in business since 1964 and it has been shipping either cryovac lamb cuts or carcass lamb product into Canada for quite some time. Columbia Meats was a joint venture that was created for the purpose of increasing our market position and our sales in Canada. We saw a viable product which is good quality for the consumer and we saw a good market in Vancouver and western Canada.

Columbia Meats operates from my home. It does not have a physical facility as yet. Some time in the New Year, we will move into a distribution centre or facility of its own so that we can provide even better service, both to the British Columbia market and the rest of Canada. Columbia Meats sells lamb right from Vancouver through Halifax on a regular basis. Modern technology makes it very easy to slaughter lambs on a Monday morning and have them to Halifax in a retailer's store by Wednesday at 4 o'clock his time. We have overnight container air service out of the Vancouver International Airport on both Canadian Pacific and Air Canada. Now Columbia primarily services the retail and purveyor trade. About 75% of our total business would be retail oriented. As the retailers become cost conscious in terms of the cost of food preparation, we have started in the last few years to see a much bigger increase in the amount of cryovac lamb that we are supplying in relation to the number of carcass lambs.

The trend toward cryovac lamb is occuring for a number of reasons including longer shelf life, ease of handling for the retailer and the fact that a lot of retail stores are being built now without the presence of rails in their coolers. Because of the advent of boxed beef, they no longer need rail facilities in their stores to hang beef produce. As a result, they do not have the facilities to hang carcass lamb. We can supply a box from which the retailer can take out whatever cut he wants at that particular time without having to break down the entire carcass. One of the things that Columbia Meats does at the retail level is to supply the retailer with the option of using any particular cut at any given time. We can offer a chain like Safeway, Woodwards or SuperValu the opportunity to do a feature on one particular lamb cut. For example, last week you probably saw the advertisement in a chain store flyer for leg of lamb. To give you some indication without giving away his business, that type of feature would normally use somewhere between 1,000 and 1,400 cases of legs. Based on six legs in a box, that would be 6,600 legs or 3,300 lambs just for that one particular feature. Because of the size of our trading and the fact that we sell from one end of Canada to the other, we are able to offer the retailers that type of feature business because we can merchandise the other cuts in different parts of the country or different parts of the world. We also sell lamb cuts and lamb products to other countries, including England, France, Germany, Mexico and Venezuela. About one quarter of our business is to the hotel, restaurant and institutional trade. That is primarily centered around our middle meat which consists of loin cuts or racks. We

will be hearing thisafternoon from a gentlemen by the name of Wayne Zinselmeyer from Canada Packers who is an expert on the HRI business. You will find that through Canada Packers, we embarked on a feature with one of the major restaurant chains in Canada last June. That restaurant chain consumed 10,000 racks in one month through their restaurant operations. Now 10,000 racks requires 5,000 lambs.

If you go back far enough, you will find that Superior Packing Co. started out as a feeding operation in the late 1800's in Oregon. Because they were producing so many lambs, they decided in 1964 that they had better build a packing plant of their own and go into the killing business. Superior Packing Co. is considered a forerunner in the USA production of cryovac lamb. I brought some brochures that we present to the retail trade either on a direct basis or through packing houses and distributors that we have across Canada and the USA. They give you a basic indication of what we do as well as a little history of the company.

Question: What percentage of the lamb that you slaughter comes from your own feedlots?

Scott Ricker: That can vary from 1,000 to 8,000 lambs per week depending on the supply available from other markets. The feedlot is used to assure a constant supply. With the two feedlots, we now have an even supply 52 weeks a year.

Question: Would it be possible to have B.C. lambs killed in your plant?

Scott Ricker: Mr. Phil Cohn, Chairman of the Board, has indicated that he would be more than interested in buying B.C. lambs. We do not want to put the squeeze on the local producers, but we could offer the producers more flexibility by buying their lambs when they are ready. However, I feel it would be difficult for the B.C. producers to get 450 to 500 lambs at one time. If sufficent supplies exist, we would locate a buyer in B.C. but the problem is to get a pooling system for shipping the product to Ellensburg.

Question: Are you in direct competition with Lambco?

Scott Ricker: We are in conversation with Lambco on a regular basis regarding the supply of lamb. We have sold them carcass lamb in the past. In addition, we have worked with them regarding the promotion of fresh lamb.

Question: If we sold lamb to you, would the duty have to be paid for lambs shipped back to Canada?

Scott Ricker: Yes, a duty of 4.5¢ per pound would have to be paid.

Question: What are you currently paying your producers?

Scott Ricker: In October, we paid a low of 44.5¢ of to a high of 49¢ per pound on a live weight basis.

Question: What size of lamb do you produce?

Scott Ricker: We market three sizes of lamb: Less than 55 pounds; 55 - 65 pounds; and 65 pounds and up. The smaller carcasses (less than 55 lbs.) go to Canada and range from 48 pounds to 55 pounds in weight.

Question: Do you sell much boneless lamb?

Scott Ricker: There is a trend toward boneless meat in the beef business in the U.S. I do not know if we will see it in the lamb business.

RETAILING OF LAMB BY INDEPENDENT MEAT RETAILER

Brian Jackson
Jackson Meats Ltd.
Vancouver, B.C.

I was contacted by Linda Keen to talk about the retailing of lamb. What is the supply like? Well, I sell lamb 365 days of the year. I get all the lamb I want to buy, and I buy 90% of my lamb from B.C. producers. The other 10% consists of American lambs, and I have on occasion bought fresh Australian and fresh New Zealand which did not work out too well.

The supply I find is good, the availability is good, the quality is good, but as far as the retail knowledge of cuts - this I find very poor. The main reason I suppose is that the government does not inform the people on our level about the cooking and preparation of cuts. I have also noticed that a large proportion of butchers in the supermarkets do not know how to cut a carcass of lamb. I am sure people in the supermarket business would agree with that. That is probably the reason why they do not handle as much lamb as we do. We handle about 600 - 700 carcasses of lamb a year. I have talked to several meat managers in supermarkets and they say they are lucky if they handle 3 carcasses a week.

We cut carcasses of lamb for the simple reason that there is a higher margin in cutting. I know that the first question I am going to get as soon as I have finished is how can you sell a leg of lamb for $4 per pound when we are getting $1.25 per pound for a whole lamb. Well, people forget to ask what do we get for the rest of the lamb - the lamb bones and lamb fat? We get next to nil, so that is part of the reason because you have to have an overall percentage to cut lambs.

I think that we should develop a program to educate the consumer how to cook lamb, if we are going to promote lamb in the Province and in Canada. The current promotion of lamb is poor. The New Zealand Lamb Board, if I phoned them up today, would probably send me some promotional stuff and they would risk an arm and a leg to put out some pictures with a glass of wine beside a cooked rack of lamb. Here I find it very difficlt to get hold of anything. I think we can really produce and market local lamb, but we have to get organized.

I was reading where the New Zealand Lamb Board celebrated a hundred years of positive growth in exporting lamb out of the country. Their first boat left New Zealand in 1882 with 4500 carcasses on that ship and now a hundred years later, they have a container boat which carries 175,000 carcasses in one shipment. That is progress for you. I am sure if we work at it, we can do it here. But it is having to work at it together, not having splinter groups saying - "well you are only paying 50¢ a pound and we can not do this and we can not do that". We all have costs and we all have to try and pare our costs where we can live with them. If we can not produce lambs for x amount of dollars and make a dollar, we should not be producing lambs. We should just get out of it or keep it strictly as a hobby. My family produces lamb and we have about 100 - 150 ewes. We average about 1.8 lambs per ewe and we also sell all the wool that we can produce.

I think that the producers and purveyors along with the Department of Agriculture of Canada and B.C. have to work out a marketing program. Even if we start with 1,000 lambs a year, we have to set our goals from there, not fight between each party and faction. We at our end try to produce a good product and we try and tell as many of our customers as possible how good lamb is for you. Although we sell all types of meat, we have always specialized in lamb because we find that if you specialize, people will come back to you.

I am glad to get up in front of people and give them new ideas in lamb cuts or in the marketing of their lamb. In fact, I took some time and did a booklet with a carcass of lamb and all the cuts you get - right down to the gourmet cuts like butterfly legs of lamb or saratoga lamb chops.

Question: In 1978, lamb was 82¢ on the hoof and loin chops were $3.99. Today lamb on the hoof is 62¢ and loin chops $6.99. Why?

Brian Jackson: Our costs have jumped substantially and this is reflected in our having to increase our selling price.

Question: Are you marketing lamb 52 weeks a year?

Brian Jackson: We use our own lambs for 18 to 20 weeks a year. The rest of the lamb that we sell is obtained from local packers.

Question: What proportion of your lamb sales are fresh versus frozen?

Brian Jackson: About 85% of lamb that we sell is fresh cuts. The weight range of lamb varies from 35 to 50 pounds which is what the customer wants.

Question: What is your selling price of cut and wrapped carcass lamb?

Brian Jackson: $2.50 to $2.85 per pound depending on the age and supply.

OVERVIEW OF THE HOTEL, RESTAURANT AND INSITUTIONAL MARKET FOR LAMB

Lynn Oldeheuvel
Market Research and Analysis
B.C. Ministry of Agriculture and Food
Surrey, B.C.

The study that we did earlier this spring was to examine the demand for meat in the hotel, restaurant and institutional trade. I interviewed several purveyors in the Vancouver market and, for lamb, we looked at six of the main purveyors. These are the people that supply lamb directly to hotels, restaurants and institutions. Of these six, lamb accounted for about 5-8% of the total meat that they handled. In most cases, purveyors were not custom cutting themselves. They acted mainly in a brokerage capacity in that they would purchase specific cuts of lamb and sell them directly to their customers. Without exception, every single purveyor that I spoke to suggested that the potential for lamb within the HRI market is strong. There exists a large portion of the market that is untapped. Lamb is a very popular menu item especially among the white table cloth restaurants. Lamb generated strong value-added sales to the purveyor who could supply it as it tended to enhance his image to the end user. Most of the purveyors that I spoke to were sourcing their lamb from New Zealand. Four of the six companies started test marketing lamb from Ellensburg this spring. The advantage to sourcing the lamb from New Zealand is that very few purveyors can afford to break down carcasses and the food service industry generally demands only racks and loins. They can not afford the labour to break down carcasses nor the time to develop alternate markets for cuts not used by their clientele. Even though they have to pay a little more for the service offered by the New Zealand marketing board, they generally find it to be in their best interest. Lamb does not represent a large enough percentage of their total business to warrant additional capital or labour investment.

I talked to the chefs of the major hotels in Vancouver and they had a very strong image of B.C. lamb as a superior product. I asked them if they had any ideas about lamb in general and they said that if they could access Salt Spring Island Lamb all year around, we would market it successfully. In general, they felt B.C. lamb was a good

product. They thought it was well accepted by customers in their restaurants. The problem is that there is an inconsistent supply and to some extent inconsistent quality. Many of the end users and purveyors who had dealt with local lamb producers found inter-competition among producers with regard to price and quality. This shook their faith in the local industry to some extent.

In conclusion, there appears to be a strong market among the white table cloth restaurants for quality B.C. lamb. There is a relatively short marketing season and there tends to be a very strong demand for fresh lamb. This was one of the advantages of sourcing lamb from Ellensburg, Washington because it is fresh and also because earlier this spring it was at least a dollar per pound cheaper on racks and loins, which is of course a major incentive to purveyors because they are very cost conscious. However, several of the chefs felt that they would be committed to featuring B.C. lamb as a specialty item during the lamb season. This would require the purveyor or some slaughtering facility that would be committed to breaking down carcasses into cuts specified by this market.

A very strong marketable identity is also required. I have heard several comments this morning on the question of who should be promoting and who should be marketing B.C. lamb. It is my opinion, and it is the opinion of most interviewed that the producer group has got to be responsible for at least providing an identity. I am probably making enemies saying this but I think that the lamb producers themselves have to take the initiative for marketing their own product. If we are prepared to offer B.C. lamb in an attractive manner and if it is presented with some sort of identifiable label, I think there is a strong market for it.

I do not think we have the capacity to displace all of the lamb imported for the HRI market in B.C., but we have the capacity to market a fresh, quality product to the Vancouver area during the lamb season. Generally the white table cloth restaurant trade is prepared to pay a premium price because they can pass it on to their customers. A rack of lamb is an essential item to a white table cloth restaurant and they are willing to pay provided the quality is there and the product is presented to them in a manner that they can easily use.

There is also a large potential market in the institutional trade and the middle of the road restaurant. The average restaurant is anxious to get lamb on its menu because it enhances the image of the restaurant. It also gives them the opportunity to offer a wider menu range and a chance to boost the prices of complementary items. These people also cannot afford to break down carcasses. They have to be able to get the lamb in a form that they can turn around and market. They are also very cost conscious.

I think if we were able to provide a strong marketable identity, we would also be able to do some promotional work on different ways to use lamb and different cuts that maybe are not recognized now. The institutional trade, in general, has avoided lamb on a price basis alone. Many of them that I talked to seemed to feel that lamb is far too expensive for them to use. Perhaps these customers should be offered lower price cuts, such as stewing chunks and soup stocks. As a result, a market could be developed for the residual cuts that the white table cloth restaurants can not use.

These are just suggestions but there is definitely a market out there. The New Zealand Lamb Board has a top notch marketing facility here that is prepared to offer specific cuts right to the restaurant trade without any hassles at a relatively consistent price. Of the purveyors that I spoke to, the one thing that they emphasized was that they are out to make money as well. They are not out to take the producers for a ride, but they also did not want to take themselves for a ride. They have a dollar to make and their costs are as prohibitive as yours except in a different field. They can not afford the time to break down carcasses and market cuts that they are not using. If we want to access this market, we have to cater to their demands and we have to be prepared, at the producer level, to provide a strong marketable identity.

Thank you.

FOOD SERVICE MARKETING OF LAMB IN B.C.

Wayne Zinselmeyer
Canada Packers Ltd.
Vancouver, B.C.

I am the Sales Manager for the Food Service Group of Canada Packers and our customers include hotels, restaurants and institutions. We have 10 salesmen on the force right now. There are two in the Interior of B.C., one based in Kamloops, and one in Kelowna. We have two salesmen on the Island, one in Victoria, one in Nanaimo and we have the rest of them around the Lower Mainland area with one person specializing in contract business. In our last period, we had 1,200 active food service accounts and that is only scratching the surface. There is a lot of food service business out there in B.C. Our salesmen carry a price list that has 1,500 product items on it so it is quite a chore to get product attention.

Quite honestly, in reviewing our lamb sales, and types of lamb cuts and products that we offer to our customers, the sales that we have achieved are only because the customers have asked for the lamb and I might as well be very honest and state that fact. I think there is a tremendous potential in lamb sales, if we ever put together a marketing campaign to sell lamb. We have, in the last six months, done a couple of lamb promotions with large national food service accounts and they have been very successful.

The sales of lamb are 8-12% of our total sales in fresh meat and perhaps about half of 1% of our weekly sales of all items. I am talking 2-4,000 pounds of lamb a week. Some weeks it can be substantially more than that and some weeks it can be less. The big cuts that we sell are obviously lamb racks, the centre cuts, the loin cuts and the legs. There are also a lot of shoulders that we sell to Greek specialty restaurants and they do an outstanding job in presenting the product in that fashion. We sell lamb to the hotels or the institutions such as the large hospitals and the government agencies.

If we could offer a good supply of B.C. lamb, even on a seasonal basis, the way we offer seafood now, I do not foresee any problems. You need a consistent supply for somebody who has lamb racks on their menus 52 weeks of the year and we use New

Zealand lamb racks for that purpose. Again for a seasonal influx of local B.C. lamb, I think that we could do a job on that. I definitely think, as Lynn pointed out, there is a demand for it in the hotels and the restaurants and specifically the white table cloth establishments. They seem to be really loyal towards B.C. grown products.

We have a sales meeting every Friday morning and last Friday I asked the 10 salesmen sitting around the table what would some of the selling features be that we would present to our customers. We came up with about 5 or 6 points that we thought were good selling points for lamb. First of all, the cost is very close and similar to beef cuts. For example, right now we would offer a lamb rack from New Zealand for somewhere in the vicinity of $7.50 or $8.00 a kilogram and a prime rib of beef would be about $7.50 so we are talking about $3.40 a pound for the New Zealand rack. Secondly, lamb is available in a variety of cuts and portions, and is versatile for a menu. Rack of lamb, the loin, chops, shoulders, stew, leg roasts, and shish kebabs are all utilized by many restaurants. Third, it is attractive to the contract section of our business. In the hospitals and institutions we find that a lot of the dieticians are now aware of the fact that lamb has a high protein content, and a lot less internal fat than beef. It is a good source of iron, and it is an excellent source of protein for diet conscious people.

A 3½ oz. portion of lamb will have about 200 calories while beef has around 300 calories. Lamb is always tender and tasteful whereas beef is a very difficult meat to deal with. In a good hotel, they want to make sure that their prime rib or their stripped loins are all aged to enhance the flavour and to be tender. Lamb is always tender and tasty. There is no concern with the restauranteurs or the hospitals that the lamb is going to have the quality aspects of tenderness and flavour that is a big selling point. Another thing too is that it does not require a special cooking process. Lamb has a very good cooking yield because of less internal fat and this is important to chefs. A very strong point was that lamb has an exotic appeal for plate presentation. The restaurants that offer rack of lamb or leg of lamb provide a colourful, adventuresome type of eating atmosphere for the consumer. It's price competitive with beef with the advantage of having a degree of uniqueness. Finally, lamb is a nice product to sell because it is virtually trouble free to the salesman. There are countless times when you have beef that is just too tough or fat or whatever, but lamb seems to be a virtually trouble free, pleasant product to work with and that means it can demand good attention from the sales people.

In a nutshell if there was a supply of B.C. lamb, I think it would be enthusiastically received by our salespeople. As Lynne pointed out, there is no question that our customers would strongly support B.C. grown lamb.

Question: Is there a market for mutton in the restaurant trade?

Wayne Zinselmeyer: We have had Australian mutton on the price list but it has not gone over well.

Question: Is uniform size of lamb cuts important in the trade?

Wayne Zinselmeyer: Yes, it is a very important criteria for the restaurant trade. However, you could have 500 carcasses of lamb weighing 4 or 5 different weights as long as they are graded together and sold on that basis. We do this with beef all the time.

Question: Would B.C. lamb have to be available 52 weeks a year?

Wayne Zinselmeyer: No, I feel we could deal with B.C. lamb on a seasonal basis.

Question: Does B.C. lamb have a good enough reputation to command a price premium?

Wayne Zinselmeyer: I think that B.C. lamb would have to follow the fresh market price set by U.S. lamb shipped from the Superior Packing Co. You might possibly get 5¢ or 10¢ more for B.C. The European chefs in B.C. restaurants are very strong supporters of B.C. lamb.

Question: Are heavier carcasses accepted in the restaurant trade?

Wayne Zinselmeyer: Large carcass weights might be accepted in restaurants that have a reputation as large portion dining rooms. However, the New Zealand lamb racks are the right size for most of the restaurants that we deal with. As an example, the weight of our lamb racks are between 400 and 550 grams and the desired weight of carcass is between 35 and 40

pounds. If B.C. lambs are large, we could possibly sell only 3 bones per rack rather than 6 bones per rack as is the case for New Zealand lamb.

Question: How do we as producers access the restaurant trade that your serve?

Wayne Zinselmeyer: You would first have to take it to a killing plant. We would then be more than happy to take these carcasses and manufacture them into portion cuts provided the prices fall within the constraints set by the market place. The lamb would also have to be killed at a federal inspected plant.

PRODUCER REACTION TO THE PRESENT MARKETING SITUATION

Debbie Larsen
Lamb Producer
Salmon Arm, B.C.

I spoke to a lot of producers and tried to get an overall view of what is going on. We live in Salmon Arm. We used to run 400 ewes and now we are down to 250. We ship all the lamb down here to the coast like just about everyone else in the Interior. There are no back door sales. There are a few small producers who manage to sell some of their lambs and the rest of them phone me and say I have got one lamb and I want to ship it. I say fine, and I will find a home for it. We put their mark on it and it goes on the truck to the coast. In response to some of the Fraser Valley people who think that we can feed sheep cheaply, our lambs never see a blade of green grass. They are fed grain and hay in a feedlot. Also there is the problem with the coyotes. They kill all the lambs if the lambs are pastured. Still, even though we ship the lamb, usually we can show a profit every year. Not a big profit but we can show a profit.

Most of the producers I talked to did not have a lot of complaints with the way it is, except that we are not getting enough money, but I do not think you can blame anyone personally for that. I hope that today, if you learn nothing else, that you learn everyone has their own problems and, for everyone, the margin is very small. I was especially impressed with the impact that Ellensburg lamb has on our market, especially price and quantity.

Now I will talk about some of the particular problems that happen when you are shipping lamb. A few years ago we used to sit around the table and say that we wanted more money but I do not think that works because the money just is not there, because of the poor economy. So we are all trying to cut corners like all the other businesses, because really a farm is a business and we are trying to work within the framework. In other words, it looks to me like sheep raising only works with a certain set of conditions - lots of land, grow your own feed - keep the costs down!

Because the margin is so small and because most of us deal in large numbers like 400 or 500 lambs, there is a lot of little things that can make a big difference. A saving of

five cents per pound on a 40 pound lamb can make a big difference when you are talking about 400 to 500 lambs. For seven years, we have tried all the different packing houses and most of us usually come to a situation where we find a person who we can trust.

One of the problems we have run into the previous years is inaccurate weights. Another problem has been in the price quotations. You phone up and say, "I have a hundred lambs, what will you give me for them" and they quote you a price. Then the lambs get down here and you get your cheque back and you have got 10¢ less than what you were quoted. So you phone up and you get a lot of different excuses. If you had known, you would never have sent them in the first place. One of the excuses they have given us is grading. One time this summer, the lambs were too small. They stressed the fact not to send them big, so we sent them small and they dropped us 10¢. Yet the lambs all graded out in A1 and A2.

Another problem we have is with freight. It costs a lot to ship lambs. We have it a little easier than some because my husband has a truck and we can haul the lambs. But people from other areas like Vanderhoof and Vavenby have to fill a whole truck in order to make it pay and quite often the packer can not take a full truck load for slaughter.

One thing about lamb is that the price is pretty dependable in one respect, in that at certain times of the year it is high and there is other times of the year it is low. If you lamb early and have the lambs ready by July, you really have not got much to complain about because you get a pretty good price. But if you lamb later and your lambs are not ready in July and you are still feeding them in September, or October, then it is not very good.

What I am trying to say is that with the economy the way it is, I can not see what we as producers can do to change the price. We have to watch all these other things (costs) and try to achieve some sort of profit.

The way it looks to me, our friends to the east, in Alberta and Saskatchewan are bursting with lamb that they can not market. They do not come here because the marketing and trucking is too expensive. The best market is in Vancouver and the

largest volume of lamb is far away like Alberta, Saskatchewan and Peace River. Perhaps a subsidy on freight would help.

I do not see why we can not provide a greater supply. Maybe the government can help out a bit by giving a subsidy like for buying feeders in Saskatchewan to make it worthwhile so you could afford to feed them and market them.

The other thing I thought of today is that nobody seems to be able to agree on anything. I know one of the major problems is that we do not work together enough. Because we do not have a lot of choices in the Interior, we have had to work together to sell our lambs. Now, everything gets done through one person which happens to be me. The producers phone me and they say they have so many lambs, I phone ahead and make sure there is an order for them and we put them on a truck. So in our little way, we work together and it has been successful. As a result, most of the people I talked to did not have a lot of complaints except for the price.

Question: What grading system is used by the packing plant for lambs?

Debbie Larsen: A3 is overfinished, A1 and A2 are what the packing plants want, B is underfinished, and C is a skeleton.

Comment: (Neil Peterson, Canada Agriculture) I feel that we have a very good grading system for lamb, but it is not used beyond the packing plant level. In other words, we rail grade the lamb but we do not put any stamp on the carcass to designate its grade. The producers are possibly getting paid on the basis of the grade but the packing plant sells it as a "house" run with little differentiation of the product.

We should be utilizing the grading system in the merchandizing of lamb. The problem is that there is not enough lambs, however, to differentiate the lambs on a grade basis.

Comment: (Stan Robertson, Richmond Packers) We do not grade the lambs as they come in because we have producers we can trust. We select the lamb which will satisfy our individual customers.

Question: Should not the producers in northern B.C. concentrate on producing feeders which could be sent to the Lower Mainland for finishing?

Debbie Larsen: I personally do not think there is any money in feeders. We get grain from Alberta which is costing us $10 to finish a lamb. When you figure it out, it is more profitable to finish them at the farm level.

B.C. LAMB MARKETING OPPORTUNITIES STUDY

Don Ference
Don Ference & Associates Ltd.
Vancouver, B.C.

First, I would like to say what an honour it is to be involved with the B.C. sheep industry. I believe that the industry has considerable development potential and that discussion forums such as what we have had today are very useful and essential to developing plans for future growth.

To give you a brief description of the background of our firm, Don Ference & Associates Ltd. is a general management consulting firm based in Vancouver, B.C. The firm provides a wide variety of services including marketing research, financial analysis and general feasibility studies. In recent years, our firm has specialized in undertaking work for the agricultural and food processing sectors. The types of products that we have worked with include other meats, poultry, vegetables, dairy products and seafood.

The purpose of the present study is to examine the marketing opportunites of the sheep and lamb industry in B.C. One of the major study objectives is to determine which market segment could best be served by local lamb and the changes required in the present processing and distribution methods to effectively service this demand. The study has been requested by the B.C. Sheep and Wool Commission while funding has been provided by the Agricultural and Rural Development Subsidiary Agreement which is a joint federal provincial agreement signed by the Province of B.C. and the Government of Canada.

Since we have only recently initiated the study, I will not be providing details of our findings at this time. I would like to, however, briefly describe the purpose and scope of the study in order to solicit your co-operation. One of the major reasons for the study is the considerable constraints faced by the B.C. producers in marketing their

ANNUAL CONSUMPTION OF LAMB AND MUTTON BY FAMILIES IN MAJOR URBAN CENTRES

	POUNDS
Toronto	7.49
Ottawa	4.94
Vancouver	3.95
Montreal	3.85
Calgary	3.48
Halifax	2.50
Quebec	1.72
Edmonton	1.35

product. As we have heard earlier, some of the major problems in supplying lamb to the local market are the following:

- Large distances to the market
- High transportation costs due to small flock sizes
- Seasonal sources of supply
- Quality fluctuations
- High slaughtering charges

On the other hand, B.C. producers are strategically located near one of the best lamb markets in Canada.

As shown in the accompanying table, Vancouver families are the third highest consumers of lamb in Canada. As a result, a considerable market for B.C. lamb already exists. Furthermore, we believe that there exists considerable potential to increase the per capita consumption of lamb beyond the present level. As shown in the table on the following page, the consumption of lamb represents only 1% of the total volume of red meat consumed by Canadians. The advantages of lamb are considerable including its exotic and gourmet appeal as well as offering a change in our diet from beef and pork.

Consequently, the major purposes of the study are to address how best B.C. lamb can serve the existing market as well as to investigate methods of increasing the total consumption of lamb. A brief description of the steps required to undertake the study are as follows:

A. Determine the current demand for fresh and frozen lamb in each of the following market segments:

   - Retail grocery chain stores
   - Hotels, restaurants and institutions
   - Meat markets and butcher shops
   - Freezer/ethnic trade

PER CAPITA CONSUMPTION

OF RED MEATS IN CANADA IN 1981

	POUNDS	% OF TOTAL
Beef	90.5	54.9
Pork	69.5	42.1
Veal	3.3	2.0
Lamb and Mutton	1.6	1.0
TOTAL	164.9	100.0

B. Assess the competitiveness of B.C. lamb with respect to:

- Price
- Quality
- Type of products
- Level of service
- Promotion
- Packaging

C. Determine the opportunities to increase the sales volume of B.C. lamb in each market segment:

- Retail grocery chains
- Hotels, restaurants and institutions
- Independent meat markets
- Direct to consumers

D. Determine the marketing opportunities for wool and other sheep by-products.

E. Contact producers and meat packers to determine the current production constraints and the opportunities available to reduce processing costs.

F. Identify the alternatives available to expand the sheep industry in B.C.

G. Provide recommendations and an implementation plan to overcome the perceived marketing constraints and to access the potential markets for B.C. lamb.

In the next few weeks, we will be contacting retailers, meat markets, meat processors and producers in order to obtain their input into the study. Since the study involves increasing the total consumption of lamb in B.C., we feel that it will be of benefit to the entire industry and we ask your co-operation.

In summary, I would like to thank Linda Keen and the other speakers for their significant contribution in making this seminar a success. From my point of view, this seminar has been an excellent starting point for our study and we will follow up on all the useful comments and suggestions received today. In closing, I look forward to working with all of you in realizing the true potential of the sheep industry in B.C.

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